

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

The Apartments at Toscano, located at 3065 Lucca Lane in San Luis Obispo, requested and is being recommended for a reservation of \$1,014,032 in annual federal tax credits to finance the new construction of 37 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by San Luis Obispo Nonprofit Housing Corporation and will be located in Senate District 17 and Assembly District 35.

Project Number CA-21-042

Project Name The Apartments at Toscano
Site Address: 3065 Lucca Lane
San Luis Obispo, CA 93401 **County:** San Luis Obispo
Census Tract: 111.030

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,014,032	\$0
Recommended:	\$1,014,032	\$0

Applicant Information

Applicant: San Luis Obispo Nonprofit Housing Corporation
Contact: Ken Litzinger
Address: 487 Leff Street
San Luis Obispo, CA 93401
Phone: (805) 594-5304
Email: klitzinger@haslo.org

General Partner(s) / Principal Owner(s): San Luis Obispo Nonprofit Housing Corporation
General Partner Type: Nonprofit
Parent Company(ies): Housing Authority of San Luis Obispo
Developer: San Luis Obispo Nonprofit Housing Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): Housing Authority of San Luis Obispo

Project Information

Construction Type: New Construction
Total # Residential Buildings: 5
Total # of Units: 38
No. & % of Tax Credit Units: 37 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy:

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Central Coast Region
TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units	
At or Below 30% AMI:	4	10%
At or Below 45% AMI:	8	20%
At or Below 50% AMI:	15	40%
At or Below 60% AMI:	11	25%

Unit Mix

18 1-Bedroom Units
10 2-Bedroom Units
10 3-Bedroom Units
38 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 1 Bedroom	30%	\$545
1 2 Bedrooms	30%	\$654
1 3 Bedrooms	30%	\$756
5 1 Bedroom	45%	\$818
2 2 Bedrooms	45%	\$982
1 3 Bedrooms	45%	\$1,135
5 1 Bedroom	50%	\$909
5 2 Bedrooms	50%	\$1,091
5 3 Bedrooms	50%	\$1,261
5 1 Bedroom	60%	\$1,091
2 2 Bedrooms	60%	\$1,309
3 3 Bedrooms	60%	\$1,513
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,170,000
Construction Costs	\$9,522,653
Rehabilitation Costs	\$0
Construction Contingency	\$626,133
Relocation	\$0
Architectural/Engineering	\$414,800
Const. Interest, Perm. Financing	\$627,764
Legal Fees	\$105,000
Reserves	\$93,645
Other Costs	\$1,952,283
Developer Fee	\$1,953,038
Commercial Costs	\$0
Total	\$17,465,316

Residential

Construction Cost Per Square Foot:	\$337
Per Unit Cost:	\$459,614
True Cash Per Unit Cost*:	\$449,087

Construction Financing

Source	Amount
Pacific Western Bank	\$10,675,637
County of San Luis Obispo	\$955,098
SLO County Housing Trust Fund	\$700,000
HASLO Public Funds	\$2,170,000
City of SLO Affordable Housing Fund	\$335,000
City of SLO Fee Deferral Loan	\$420,880
Deferred Costs	\$1,025,467
Deferred Developer Fee	\$400,000
Tax Credit Equity	\$783,234

Permanent Financing

Source	Amount
Pacific Western Bank	\$3,032,000
County of San Luis Obispo	\$955,098
SLO County Housing Trust Fund	\$700,000
HASLO Public Funds	\$2,170,000
City of SLO Affordable Housing F	\$335,000
City of SLO Fee Deferral Loan	\$420,880
Deferred Developer Fee	\$400,000
Tax Credit Equity	\$9,452,338
TOTAL	\$17,465,316

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,666,938
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$11,267,019
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,014,032
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,953,038
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.93215

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Large Family
Final:	51.417%

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	3	3	3
Residents provided free or discounted transit passes, 1 pass per 2 units	2	2	2
Within ½ mile of public park or community center open to general public	3	3	3
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.